

Same Old Story, Time IS Money

One of the hardest things to make clear to prospects is that waiting to buy LTC insurance will cost them money.

Perhaps the illustration (below left), of four possible situations, will help. The bar on the left depicts the total of premiums paid by someone who buys a 3 year/90 day elimination period LTC policy in 1998 at age 55. In the next one to the right she has waited to buy until 2003 when she's 60. The next: she's waited ten more years to buy. The last is if she waited until she is 75. In all cases she doesn't begin to draw benefits until she's 90 years old. When she bought at 75, she got 15 years of security at a total cost of \$59,920. Buying at 70 got her 20 years of peace of mind at a total cost of \$51,009. At 60 got her 30 years of feeling good for \$42,850. But when she bought at 55 she clearly got the bargain: 40 years of security and peace of mind at a total cost of only \$38,007. If we take the time-value of money into account the differences are even more dramatic.

The line graph (below right) shows projected future annual costs of long-term care. Given that by the time they draw benefits the cost of care is projected to be over \$308,000 A YEAR, they all got a bargain, but **who got the best bargain?**

